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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

KOLAN DAVIS, STAFF DIRECTOR AND CHIEF COUNSEL  
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April 7, 2006

Her Excellency Wu Yi  
Vice Premier  
State Council, Central Government  
Beijing, P.R. China

Dear Madam Vice Minister:

As members of the Senate Finance Committee, which oversees U.S. trade policy in the United States Senate, we write on the eve of the upcoming meeting of the Joint Commission on Commerce and Trade ("JCCT") to urge your government to take actions that would help redress key economic imbalances between the United States and China. Over the years, you have demonstrated strong leadership to strengthen trans-Pacific economic ties, and we appreciate the commitments you have undertaken at past JCCT meetings to address important obstacles to U.S.-China trade.

Today, we look to your leadership to help resolve serious problems that face our trade and economic relationship – symbolized by the record \$200 billion trade deficit that the United States posted last year with China, the largest deficit between any two countries in history. It was obvious at last week's Senate Finance Committee hearing that serious questions exist regarding the value of China's currency and China's compliance with its commitments in the World Trade Organization ("WTO"). Ambassador Portman also noted in his recent review of China trade policy that our relationship lacks "equity, durability and balance."

Our economic relationship is now at a critical point, and failure by China to address key outstanding trade concerns and fulfill longstanding commitments creates the risk of serious damage. As you prepare for the JCCT meeting, we encourage you to bear this risk in mind and come to Washington prepared to make meaningful commitments to:

- achieve significant, verifiable, and sustained reductions in piracy, counterfeiting, and other infringements of intellectual property rights ("IPR"), specifically ending the production of pirated optical discs and stepping up dramatically IPR enforcement at trade fairs;
- increase the flexibility of the RMB and allow it to demonstrate greater responsiveness to market forces;
- increase transparency in government subsidies and reduce government intervention in the marketplace;
- lift China's WTO-inconsistent ban on U.S. beef; and

- join, by a date certain, the WTO Government Procurement Agreement.

We look to China to take expeditious action on these issues as a way to put our countries on a path to a healthier and more stable trade, economic, and political relationship.

Very truly yours,

Max Baucus Craig Thomas

Blanche R. Lincoln Rick Santorum

Kent Conrad Chuck Schumer

Chris Hatch

Mark W. ...

C. ...

Mike Cryer

Tom F. ...

Jay Byrnes

Jim J. ...

Chyming ...

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Kent Lott

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